



The President's Daily Brief

September 22, 1975

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Exempt from general
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exemption category 5B(1)(2)(3)
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FOR THE PRESIDENT ONLY

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PORTUGAL

The new government, according to the US embassy in Lisbon, is expected to concentrate on establishing a pro-Western foreign policy, trying to retard further economic deterioration, and planning for local, national assembly, and presidential elections. Socialist leader Soares has told an embassy officer that Prime Minister Azevedo has promised to hold all of these elections in February. The government will also work to reduce Communist influence in the media and in labor organizations.

Foreign Minister Antunes--who formerly favored ties with the Third World--now apparently sees a need for strong relations with Western Europe. He and Foreign Trade Minister Campinos, a Socialist, are expected to make approaches shortly toward arranging economic assistance programs for Portugal from Western Europe and the US.

The new economic team--dominated by Socialists--will try to regain control over the economy and repair the damage done by the radical initiatives of the Goncalves regime. The government is unlikely to rescind the nationalization and agrarian reform measures already in effect, but it will attempt to consolidate and organize the companies and lands that now belong to the government.

The Communists' reluctant acceptance of the new cabinet is not shared by extreme left-wing organizations. These groups have been critical of all governments since the military coup, but their distrust of a Socialist-dominated cabinet may now lead to a wave of terrorist activity.

Right-wing exile groups probably pose a more serious threat to the new government. One of them, the Portuguese Liberation Army, has claimed responsibility for the bombing yesterday of a navy building where Prime Minister Azevedo was staying. The group is [] based in Spain and connected with former president Spínola.

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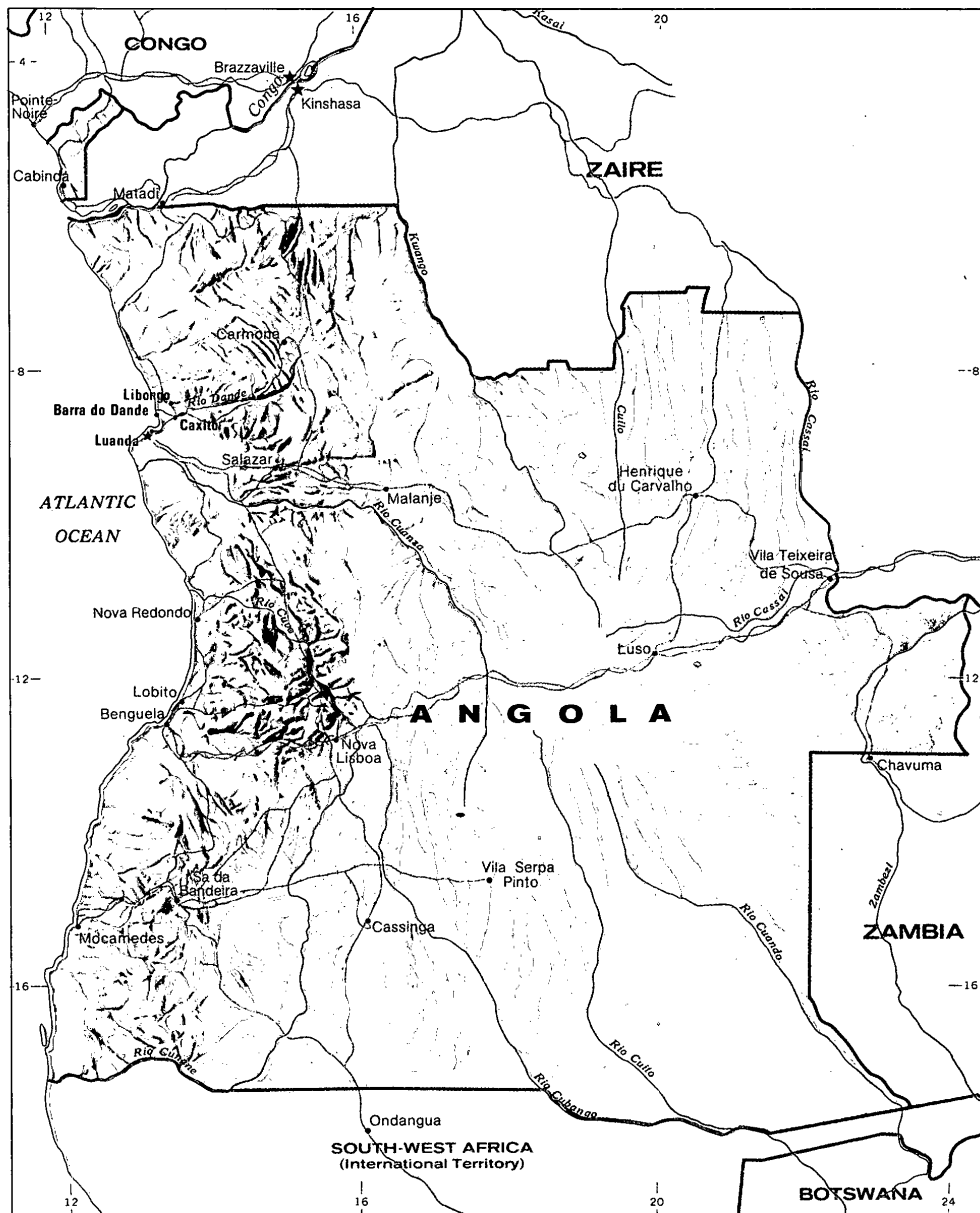
LEBANON

Fighting in Lebanon slackened considerably yesterday as the truce announced Saturday night slowly took hold. Scattered skirmishing and sporadic sniper fire continue in certain suburbs of Beirut, however, preventing the reopening of some major roads out of the city. A dusk-to-dawn curfew remains in effect.

The truce reportedly is part of a two-stage agreement hammered out Saturday by Lebanese and Palestinian leaders in discussions with Syrian Foreign Minister Khaddam and Chief of Staff Shihabi. The second stage provides that all parties to the conflict participate in "national reconciliation" talks that will include discussions on expansion of the cabinet, social and political demands of Lebanese leftists, and possibly Lebanese-Palestinian relations.

Khaddam and Shihabi, who are being given most of the credit for the reduced fighting, continued their discussions yesterday with the Palestinians and Lebanese political and religious leaders, presumably in an effort to firm up the truce agreement. The US embassy in Beirut reports there is considerable skepticism that any real progress can be made in reconciliation talks, given the intractable issues involved.

Possibly playing a role in convincing all sides to cool things off is the fear in Lebanon of more substantial outside intervention. The embassy reports that Khaddam's offer to provide Syrian forces to patrol Beirut brought home to the Lebanese the gravity of their unstable internal situation. Further unnerving the Lebanese was the warning over the weekend from Israeli Foreign Minister Allon that Syria should not assume it has a free hand to intervene. Allon's warning--and his threat that if Damascus should intervene Tel Aviv might feel constrained to follow suit--have received extensive coverage in the Beirut press.



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NOTE

A combined force of the National Front for the Liberation of Angola and Zairian troops recaptured Caxito this weekend.

The Front was driven from Caxito in a major setback two weeks ago by the Popular Movement for the Liberation of Angola. Even if the Front maintains control of Caxito, it will have to put much more military pressure on the Popular Movement to make credible its claim to be a major military and political force in Angola.

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